



Amendment of Article 62 of the law on Prevention and Suppression of Money Laundering and Terrorist Financing L. 188(I)/2007

Article 30 of the amending law L18(I)/2016 has now amended Article 62. The amendment relates to the obligation for the verification of the identity of clients/beneficial owners.

While the general rule to be adhered to with regards to verification of identity of clients is that such verification must take place **before the commencement** of the business relationship, the amending law provides for a **derogation** from the general rule in that “verification of the identity of the customer and the beneficial owner **may be completed during the establishment of a business relationship if this is necessary not to interrupt the normal conduct of business and where there is little risk of money laundering or terrorist financing**. In such situations these procedures shall be completed as soon as practicable after the initial contact and before any transactions take place.

Subsection (2A) (introduced by the amending law) of the amended article 62 provides that “without prejudice of what is stated in paragraph (2) by way of derogation from paragraph (1), for cases that fall under the supervision of the Cyprus Securities and Exchange Commission the verification of the identity of the customer and the beneficial owner may be completed during the establishment of a business relationship if this is necessary not to interrupt the normal conduct of business and where there is little risk of money laundering or terrorist financing occurring. It is understood that in such situations these procedures shall be completed as soon as practicable after the initial contact”. CySEC issued on 24 June 2016 a relevant Circular [C143](#) and particular attention is drawn to paragraph (iv) of the circular. If the minimum parameters mentioned therein, the cumulative time in which the verification of the identity of a customer/beneficial owner is completed, must not exceed 15 days from the initial contact. If this is not achieved then at the expiry of the 15 day period, the business relationship must be terminated on the date of expiry of the aforesaid deadline.